

State of Vermont
Children's Integrated Services
Revised Medicaid Reimbursement Methodology
May 11, 2017

Overview

Children's Integrated Services (CIS) provides health promotion, prevention, and early intervention services to pregnant and postpartum women, infants and children birth to age six. In addition to streamlining program requirements and administration for early childhood services, CIS also combined Medicaid funding for covered services to create a single case rate within each region.

Under the recently approved Special Terms and Conditions for extension of the Global Commitment Demonstration, Vermont will be required to obtain federal approval for certain Medicaid reimbursement methodologies, including CIS. Vermont has elected to revise the case rate methodology to reflect more current experience and to ensure that the methodology is:

- Reasonable and appropriate to ensure access to high-quality services;
- Based on utilization of Medicaid-covered services; and
- Appropriate to advance the State's Quality Strategy.

Proposed Methodology

Vermont developed case rates that are based on Medicaid, fee-for-service rates and actual utilization of Medicaid-covered services.

Case rates currently vary by provider, thus reflecting the actual level of services delivered in each region. The revised case rates will continue to be provider-specific. However, Vermont intends to initiate the transition to a statewide case rate within the next two years.

Key tasks for development of case rates are as follows:

1. Collect Current Utilization Data
2. Determine Utilization of Medicaid-Covered Services
3. Determine Current Medicaid Fee-for-Service Payment Rate by Service
4. Calculate Medicaid Caseload for Base Period
5. Calculate Average Fee-for-Service Equivalent Monthly Payment Amount
6. Establish Reasonable and Appropriate, Provider-Specific Monthly Case Rates

Each of these key tasks is discussed below.

Task 1 – Collect Current Utilization Data

Vermont developed the case rates based on utilization data for State Fiscal Year 2015. Providers reported the number of encounters for Medicaid-eligible children within the following domains:

- Early Intervention
- Nursing
- Family Supports
- Mental Health Treatment
- Care Coordination

The encounter data was adjusted to address the following limitations:

- Providers report a single encounter when multiple providers are working with a client. DCF collects additional data demonstrating that two or more providers work with a client approximately forty percent of the time. Reported encounters were adjusted to more accurately reflect actual utilization.
- Care coordination encounters currently are not collected. DCF estimated that each CIS participant receives an average of six care coordination encounters in a month.
- Due to limitations in the data, encounters reported by the following providers were not included: Northeast Kingdom, Rutland and Washington.

The table below provides a summary of encounters provided in State Fiscal Year 2015.

Provider	Early Intervention	Nursing	Family Supports	Mental Health Treatment	Care Coordination
Bennington	1,708	325	2,774	1,187	960
Chittenden	14,571	1,180	7,325	8,453	4,052
Hartford	3,056	784	631	1,739	970
Lamoille	2,806	704	1,926	1,236	1,205
Springfield	1,971	300	1,150	864	725
Windham Brattleboro	3,055	711	1,498	1,878	1,066
<i>Total</i>	<i>27,167</i>	<i>4,005</i>	<i>15,303</i>	<i>15,357</i>	<i>8,977</i>
<i>Average</i>	<i>4,528</i>	<i>667</i>	<i>2,551</i>	<i>2,559</i>	<i>1,496</i>

Task 2 – Determine Utilization of Medicaid-Covered Services

Because each of the domains listed above includes a combination of specific services, the utilization data must be separated by procedure code in order to determine the Medicaid fee-for-service payment amount.

The table below provides a listing of Medicaid-covered procedures delivered within each of the domains.

HCPSC/ CPT Code	Description	Early Intervention	Nursing	Family Supports	Mental Health Treatment	Care Coordination
90791	Psychiatric Diagnostic Evaluation				Included	
97532	Development of Cognitive Skills	Included				
H2014	Skills Training and Development				Included	
H2017	Psychosocial Rehabilitation Services				Included	
H2019	Therapeutic Behavioral Services				Included	
H2032	Activity Therapy				Included	
S9445	Patient Education, Not Otherwise Classified, Non-Physician Provider, Individual		Included	Included		
T1017	Targeted Case Management	Included			Included	Included
T1022	Contracted Home Health Agency Services, All Services Provided Under Contract		Included	Included		
T1024	Evaluation and Treatment by an Integrated, Specialty Team Contracted to Provide Coordinated Care to Multiple or Severely Handicapped Children	Included				

The following table presents a summary of services delivered within each domain and how utilization data within each domain is allocated to specific procedures. Any services not covered by Medicaid also have been identified and encounters are adjusted to account for non-Medicaid services.

HCPSC/ CPT Code	Description	Early Intervention	Nursing	Family Supports	Mental Health Treatment	Care Coordination
90791	Psychiatric Diagnostic Evaluation				5%	
97532	Development of Cognitive Skills	50%				
H2014	Skills Training and Development				40%	
H2017	Psychosocial Rehabilitation Services				15%	
H2019	Therapeutic Behavioral Services				10%	
H2032	Activity Therapy				5%	
S9445	Patient Education, Not Otherwise Classified, Non-Physician Provider, Individual		10%	60%		
T1017	Targeted Case Management	48%			25%	100%
T1022	Contracted Home Health Agency Services, All Services Provided Under Contract		90%	40%		
T1024	Evaluation and Treatment by an Integrated, Specialty Team Contracted to Provide Coordinated Care to Multiple or Severely Handicapped Children	2%				
Total Allocation		100%	100%	100%	100%	100%

Finally, adjustments are made to the number of “encounters” reported to ensure alignment with how units are defined for each procedure code. The table below provides a summary of the conversion factors used to convert encounters to the units of service as defined by procedure code.

HCPCS/ CPT Code	Description	Unit Definition	Conversion Factor
90791	Psychiatric Diagnostic Evaluation	Per Session	1
97532	Development of Cognitive Skills	15 Minutes	4
H2014	Skills Training and Development	15 Minutes	4
H2017	Psychosocial Rehabilitation Services	15 Minutes	4
H2019	Therapeutic Behavioral Services	15 Minutes	4
H2032	Activity Therapy	15 Minutes	4
S9445	Patient Education, Not Otherwise Classified, Non-Physician Provider, Individual	Per Session	1
T1017	Targeted Case Management	15 Minutes	3
T1022	Contracted Home Health Agency Services, All Services Provided Under Contract	Per Day	1
T1024	Evaluation and Treatment by an Integrated, Specialty Team Contracted to Provide Coordinated Care to Multiple or Severely Handicapped Children	Annual	1

Task 3 - Determine Current Medicaid Fee-for-Service Payment Rate by Service

The following table provides the Vermont Medicaid fee-for-service fee schedule rates for each of the Medicaid-covered services included in the bundle. CIS providers are contractually obligated to perform additional functions that are not required of traditional Medicaid providers. Further, services are provided in members’ home and travel time is not separately reimbursed. An adjustment was made to certain fee schedule rates to recognize the additional costs associated with these functions. The fee schedule rates presented below are effective January 1, 2017.

HCPCS/ CPT Code	Description	Vermont Medicaid Fee Schedule Rate	Adjustment	Adjusted Rate
90791	Psychiatric Diagnostic Evaluation	\$ 102.18	0%	\$ 102.18
97532	Development of Cognitive Skills	\$ 21.48	5%	\$ 22.55
H2014	Skills Training and Development	\$ 9.35	5%	\$ 9.82
H2017	Psychosocial Rehabilitation Services	\$ 25.27	5%	\$ 26.53
H2019	Therapeutic Behavioral Services	\$ 27.39	5%	\$ 28.76
H2032	Activity Therapy	\$ 12.71	5%	\$ 13.35
S9445	Patient Education, Not Otherwise Classified, Non-Physician Provider, Individual	\$ 56.49	5%	\$ 59.31
T1017	Targeted Case Management	\$ 24.78	0%	\$ 24.78
T1022	Contracted Home Health Agency Services, All Services Provided Under Contract	\$ 128.38	0%	\$ 128.38
T1024	Evaluation and Treatment by an Integrated, Specialty Team Contracted to Provide Coordinated Care to Multiple or Severely Handicapped Children	\$ 625.00	0%	\$ 625.00

Task 4 - Calculate Medicaid Caseload for Base Period

Medicaid caseload for State Fiscal Year 2015 was determined for each provider based on total monthly claims with dates of service within State Fiscal Year 2015. The following table includes the State Fiscal Year 2015 Medicaid caseload for each provider.

Provider	SFY 15 Member Months	Average Monthly Caseload
Bennington	1,080	90
Chittenden	3,948	329
Hartford	1,092	91
Lamoille	1,356	113
Northeast Kingdom	1,440	120
Springfield	816	68
Rutland	1,164	97
Windham Brattleboro	1,200	100
Washington	1,572	131
<i>Total</i>	<i>13,668</i>	<i>1,139</i>
<i>Average</i>	<i>1,519</i>	<i>127</i>

*Total Less Northeast Kingdom,
Rutland and Washington* 9,492

Task 5 - Calculate Average Fee-for-Service Equivalent Monthly Payment Amount

Reported encounters, allocated by Medicaid-covered procedure, are multiplied by the Medicaid fee schedule rates to determine the aggregate FFS-Equivalent payment amount. The table below presents that total fee-for-service payment amounts by provider as well as the average fee-for-service payment per member per month (PMPM).

Provider	Early Intervention	Nursing	Family Supports	Mental Health Treatment	Care Coordination	Total
Bennington	\$ 159,313	\$ 39,502	\$ 241,165	\$ 82,493	\$ 71,335	\$ 593,808
Chittenden	\$ 1,359,383	\$ 143,330	\$ 636,823	\$ 587,454	\$ 260,770	\$ 2,987,760
Hartford	\$ 285,139	\$ 95,247	\$ 54,884	\$ 120,838	\$ 72,128	\$ 628,236
Lamoille	\$ 261,771	\$ 85,572	\$ 167,422	\$ 85,878	\$ 89,565	\$ 690,208
Springfield	\$ 183,848	\$ 36,480	\$ 99,957	\$ 60,017	\$ 53,898	\$ 434,201
Windham Brattleboro	\$ 284,973	\$ 86,343	\$ 130,238	\$ 130,532	\$ 79,261	\$ 711,348
Total	\$ 2,534,428	\$ 486,475	\$ 1,330,488	\$ 1,067,212	\$ 626,957	\$ 6,045,560
<i>Average</i>	<i>\$ 422,405</i>	<i>\$ 81,079</i>	<i>\$ 221,748</i>	<i>\$ 177,869</i>	<i>\$ 104,493</i>	<i>\$ 1,007,593</i>

Total Member Months 9,492

Average Fee-for-Service Equivalent PMPM \$ 636.91

Task 6 - Establish Reasonable and Appropriate, Provider-Specific Monthly Case Rates

The average, fee-for-service equivalent monthly payment rate calculated as part of Task 5 above represents the average payment rate across all CIS providers. Vermont must ensure that the rates are reasonable and appropriate to ensure access to the defined services. However, Vermont may consider other factors, such as provider costs and other revenue sources that support the regional programs, in determining the Medicaid payment rate. The table below provides Vermont's payment rate by provider. As indicated below, Vermont's provider-specific payment rates vary by provider, but are below the average fee-for-service payment rate.

Provider	Average FFS Equivalent	Estimated Monthly Rate	Percent of Average Fee-for-Service Equivalent
Bennington	\$ 636.91	\$ 558.26	88%
Chittenden	\$ 636.91	\$ 596.60	94%
Hartford	\$ 636.91	\$ 596.78	94%
Lamoille	\$ 636.91	\$ 434.00	68%
Northeast Kingdom	\$ 636.91	\$ 744.89	117%
Springfield	\$ 636.91	\$ 573.17	90%
Rutland	\$ 636.91	\$ 629.41	99%
Windham Brattleboro	\$ 636.91	\$ 530.35	83%
Washington	\$ 636.91	\$ 575.28	90%
Average	\$ 636.91	\$ 586.75	92.1%